

Federal Consolidation Loan Program Addendum to the "Verification Certificate"



A new federal law called the Higher Education Amendments of 1992 recently took effect. This law changed the name and some of the terms of the Robert T. Stafford Student Loan Program. This program, now called the Federal Family Education Loan Program, includes Federal Stafford Loans, Federal Supplemental Loans for Students (SLS), Federal Parent Loans (PLUS), and Federal Consolidation Loans.

This information applies to Federal Consolidation Loans for which the application is received by the lender on or after January 1, 1993 and amends the "Creditor/Service Certification" Section of the Verification Certificate.

1. **Eligible Loan Types:** In addition to the loans detailed in the Verification Certificate, a borrower may now consolidate his or her Federal PLUS (Parent) Loans made or refinanced on or after October 17, 1986.
2. **Eligible Borrower:** If an applicant and his or her spouse each hold eligible loans and have a combined minimum debt of at least \$7,500 and if they agree to be held jointly and severally liable for repayment without regard to the amount of their individual indebtedness and any future change in their marital status, their individual loans can be consolidated into a single Federal Consolidation Loan.
3. **Delinquent Loans:** Lenders can now certify loans that are delinquent more than 90 days (but not in default) as eligible for consolidation.
4. **Defaulted Loans:** Defaulted loans can now qualify for consolidation. If the loan is in default, the holder of the loan must certify that satisfactory repayment arrangements have been made.